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September 28, 2004

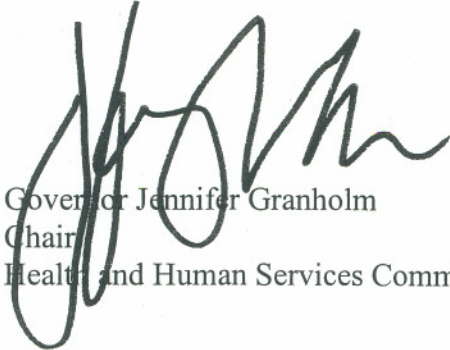
The Honorable Mark McClellan  
Administrator  
Centers for Medicare and Medicaid Services  
Department of Health and Human Services  
200 Independence Avenue, SW  
Washington, D.C. 20201

Dear Dr. McClellan:

We are writing to urge your support for action on a bipartisan compromise in both the House and the Senate to protect resources in the State Children's Health Insurance Program (SCHIP). Under current law, approximately \$1.1 billion in unspent federal allotments will revert to the federal treasury on September 30, 2004.

The proposals (S. 2759 and H.R. 4936) would allow for a fair redistribution of these funds for states and ensure that coverage for children is not jeopardized. Furthermore, the proposal would continue current SCHIP redistribution rules through fiscal year 2007. These rules allow states to retain 50 percent of their yet-unspent SCHIP allotment after the initial three-year spending period, and allocate the other 50 percent to states that fully spent their SCHIP allotments.

With seven states set to run out of funding in 2005 and seventeen states by 2006, we believe action is needed now to protect these funds. The legislation would ensure that states have the ability and resources to continue to serve children and families in need in the future. Given the pending deadline and your influence, we hope that we can count on your support as we work to ensure that this important piece of legislation is passed.



Governor Jennifer Granholm  
Chair  
Health and Human Services Committee

Sincerely,



Governor Haley Barbour  
Vice Chair  
Health and Human Services Committee